

PERSEREC

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June 2002

## Final Report on DSS Test of Phased Reinvestigation

Richards J. Heuer, Jr.  
RJH Research

Kent S. Crawford  
Defense Personnel Security Research Center

Sandra N. Kirkpatrick  
TRW Systems

Lisa A. Kramer  
TRW Systems

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Defense Personnel Security Research Center  
99 Pacific Street, Suite 455-E  
Monterey, California 93940-2497

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**TRW Systems**

**Released by**  
**James A. Riedel**  
**Director**

**Defense Personnel Security Research Center**  
**99 Pacific Street, Suite 455-E**  
**Monterey, CA 93940-2497**

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## Preface

This final report on the DSS pilot test of a phased reinvestigation supports a decision to implement a Phased SSBI-PR at DSS. The test confirms previous research showing that a phased PR will save substantial investigative resources while missing very little information, and it demonstrates that DSS can in fact implement such a plan.

There is very little substantive change in this report as compared with the interim report on the DSS pilot test that was previously prepared and briefed at a meeting on February 26, 2002, called by the Community Management Staff to discuss the Department of Defense proposal to implement the phased PR concept. That interim report was based on analysis of about two-thirds of the reinvestigations that were eventually conducted by DSS as part of this pilot test.

James A. Riedel  
Director



## **Acknowledgments**

PERSEREC wishes to thank the DSS management for its strong support for this pilot test and for assigning a high priority to the completion of these reinvestigations. Michele Vardy, Kara Wagaman, Donna Harris, and Ken Hall were responsible for planning and managing this project. The case analysts that worked on the study were Carol Mello, Jean VanDetta, Cynthia Phagan, and Rose Akehurst. Denise Handfinger and Dorothy Peters assisted in the case processing. Thanks are also due to the many other DSS personnel who assisted by copying files, expediting cases, and conducting investigations.



## Executive Summary

The Defense Security Service (DSS) and the Defense Personnel Security Research Center (PERSEREC) conducted a pilot test of a two-phase periodic reinvestigation. In a phased reinvestigation, information collected during Phase 1 is used to determine what additional investigative steps are appropriate for Phase 2. If Phase 1 turns up issue-relevant information, Phase 2 is conducted to complete a full-scope reinvestigation. If Phase 1 turns up no issue-relevant information, the investigation is considered clean and no further investigation is done. This is similar to the approach used in medical screening, where findings of initial tests determine what follow-up tests are appropriate.

A previous PERSEREC study, *A New Approach to the SSBI-PR: Assessment of a Phased Reinvestigation*, concluded that a phased reinvestigation could save substantial investigative resources with minimal loss of significant information. The saved resources, if redeployed as planned for the proposed Automated Continuing Evaluation System (ACES), will provide a substantial overall benefit to personnel security.

The purpose of the DSS test was to:

- Provide another independent test of what information would be missed during a phased periodic reinvestigation.
- Test and refine criteria for deciding the types of cases that warrant expansion to Phase 2 of the reinvestigation.
- Determine what percentage of cases would be expanded to Phase 2 when the Phase 2 criteria are applied.
- Identify any unanticipated operational issues that arise when implementing phasing at DSS.

For this pilot test, DSS conducted 515 SSBI-PRs using a procedure that simulates a phased reinvestigation initially, but then continues on to complete a standard full-scope investigation in all cases.

The test found no case in which a phased reinvestigation would have missed any information that led to any form of adverse adjudicative action. This is consistent with the finding of the previous study of 4,721 cases that also found no actionable information would have been missed. The pilot test found 2 of the 515 test cases in which some information of moderate adjudicative value would have been missed if the Phase 2 sources had not been contacted. This is slightly more than the previous study, which found that information of minor to moderate adjudicative value would have been missed in 2 out of every 1,000 PRs.

The productivity of Phase 2 sources as a whole was minimal. Although Phase 2 sources provided some information in 18% of all cases, this was usually information about foreign travel or that the Subject's spouse was foreign-born – information that was already known in far greater detail from the EPSQ and the Subject Interview. There were only a handful of cases in which a Phase 2 source produced information that added even a little piece to what was already known about the Subject from Phase 1 sources.

Because Phase 2 sources in general were so unproductive, the amount of information missed as a consequence of phasing was not sensitive to changes in the expansion criteria. For example, broader criteria to encompass a much larger percentage of Phase 2 cases would not have avoided the two cases in which useful information was missed. Similarly, narrower criteria resulting in fewer Phase 2 cases would not have caused the loss of any additional significant information.

It is apparent from the test results that PERSEREC's initial criteria for what cases should be expanded to Phase 2 were not sufficiently clear, as DSS case analysts marked far more cases for Phase 2 than anticipated. Examination of these test cases facilitated PERSEREC's development of revised expansion criteria. The revised criteria are shown in Appendix E. These criteria will be refined further as they are integrated into the DSS Decision Logic Table for implementation at DSS.

Expansion of reinvestigations to include Phase 2 sources is based on the simple principle that discovery of adverse information early in the investigation warrants further investigation. A single piece of unfavorable information about an individual's current behavior, i.e., behavior since the last investigation, may be a clue that more unfavorable information might exist and be found if investigators look hard enough for it.

When the revised criteria were applied to the 515 cases, 23% of all PRs met the criteria for conducting a complete (two-phase) reinvestigation. Further consideration and research on appropriate criteria for expanding the reinvestigation based on the credit report may push the expansion rate a bit higher.

Within the average 23% expansion rate, the percentage of Phase 2 cases differs substantially for military officers, military enlisted personnel, DoD civilians, and defense contractors. Although the overall 23% issue rate is identical to the 23% issue rate found in the previous phasing study, the breakdown by type of case is different. Consequently, budget projections of resource savings from phasing need to take into account both the composition of the population being investigated and some uncertainty concerning the anticipated percentage of Phase 2 cases in each major segment of that population.

In summary, the DSS pilot test demonstrated that DSS can implement a phased reinvestigation, and it confirms the conclusion from previous research that a phased reinvestigation can save substantial resources with minimal loss of significant information.

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## Background

Previous research conducted by the Defense Personnel Security Research Center (PERSEREC), as reported in *A New Approach to the SSBI-PR: Assessment of a Phased Reinvestigation*, October 2001, concluded that a two-phase reinvestigation could save substantial investigative resources with minimal loss of significant information. In a phased reinvestigation, not all the sources currently used in a full-scope reinvestigation are exploited in all cases. Some less productive sources are contacted in Phase 2 only if information obtained from Phase 1 sources indicates that these sources may be productive. This is similar to the approach used in medical screening where findings of initial tests determine what follow-up tests are appropriate. The resources saved by a phased reinvestigation, when redeployed to support the proposed Automated Continuing Evaluation System (ACES), will provide a substantial overall benefit to personnel security.

The initial phasing study was based on a simulation of what would have happened if the phased approach had been used when 4,721 SSBI-PR investigations were conducted, for four different agencies, during the 1999-2000 period.

DoD/C3I tasked PERSEREC and the Defense Security Service (DSS) to conduct a live test of the implementation of a phased reinvestigation. This test had four goals:

- To provide another independent test of the information that would be missed during a phased periodic reinvestigation. Confirmation of findings from the previous research that phasing would miss little or no actionable information would support a decision to adopt a phased reinvestigation.
- To test and refine criteria for expanding reinvestigations to include Phase 2 sources. Previous research on phasing used intuitive judgment by experienced investigators and adjudicators to determine what information an adjudicator would want to see. Any case in which a Phase 1 source developed such information was considered to warrant Phase 2. Implementation of phasing would require more specific criteria for deciding when investigations are expanded to Phase 2.
- To determine what percentage of cases would be expanded to Phase 2 when the more specific expansion criteria are applied. This percentage must be known before resource savings can be calculated. The information is needed for budget planning, as savings from phasing would be used to partially offset the cost of ACES.
- To identify any unanticipated operational issues in implementing phasing at DSS. A live test prior to adoption is good policy to reduce the risk of unpleasant surprises.

## Test Procedures

This section summarizes the procedures used in the DSS test. More detailed information is available in Appendices A, B, C, D, and E. Appendix A shows the division of sources between Phase 1 and Phase 2 used in this test. Appendix B has the criteria used by DSS to determine which cases were treated as Phase 2 cases. Appendix C lays out DSS's internal procedures at the Personnel Investigations Center (PIC) and in the field for conducting the test cases. Appendix D is the Case Coding Sheet or Form on which DSS case analysts recorded results of each reinvestigation. Appendix E lists revised expansion criteria that were developed and applied during the course of this study.

### Selection of Test Cases

In order to obtain a sample of at least 500 reinvestigations to be completed as rapidly as possible for this test, DSS randomly selected over 600 SSBI-PRs from its backlog of unopened cases. PRs with overseas leads that would take longer were screened out. Other cases were dropped from the test sample when terrorist attacks on the World Trade Center and Pentagon prompted unexpected overseas deployments of military personnel who were scheduled for reinvestigation. As a result, additional cases were added from the flow of PR requests coming into DSS for investigation. The goal was to have a sample composed of about 50% military/government personnel and 50% contractor personnel. This proved impossible to accomplish, because the DSS backlog at the time this test began consisted mainly of contractors. Many of the military personnel in the backlog were unavailable due to overseas deployment resulting from the events of September 11, and the only new PR cases being handled by DSS were for contractors. Of the 515 PRs conducted for this test, 12% were military officers, 9% were military enlisted, 2% were DoD civilians, and 77% were defense contractors.

### Definition of a Phased Reinvestigation

For purposes of this test, all reinvestigation sources normally contacted during a SSBI-PR investigation were considered to be in Phase 1 *except* listed and developed character references, residence references, and residence records checks. If the Subject changed employment within the past 6 months, the Phase 1 employment interviews were conducted at the most recent employment of 6 months or more, and the second set of employment interviews was conducted only in Phase 2. The division of sources between Phases 1 and 2 is shown in Appendix A.

PERSEREC developed and provided to DSS criteria for determining which cases should be treated as Phase 2 cases. These expansion criteria are shown in Appendix B. They were deliberately very broad to ensure they encompassed any factors that PERSEREC might want to evaluate when developing final expansion criteria. PERSEREC also provided DSS with a Case Coding Form to be completed for each PR.

This form is shown in Appendix D. DSS case analysts used this form to record which sources provided information meeting the Phase 2 criteria. PERSEREC used the data on this form to identify cases it wanted to review in order to evaluate the application of the criteria.

## **DSS Internal Procedures**

DSS developed procedures to ensure that the reinvestigations would simulate as closely as possible how an actual phased reinvestigation would be conducted. The procedures also ensured collection of the data PERSEREC needed to evaluate the test and enabled the test cases to be expedited and tracked through the investigative process. These procedures are shown in Appendix C.

The procedures required, for example, that investigators complete all Phase 1 sources prior to interviewing any Phase 2 sources. This ensured that Phase 1 interviews were not influenced (and inadvertently biased) by information already obtained from a Phase 2 source. The procedures also ensured that the case analysts' decision on which cases warranted Phase 2 was made *before* the analysts received any of the information from Phase 2 sources.

One of the primary researchers in this study went to DSS to review all procedures with the DSS test managers and the three experienced case analysts selected to implement the test at the PIC.

Cases in which the EPSQ or previous investigation provided issue information that met the criteria for expansion to Phase 2 were scoped from the outset for both Phase 1 and Phase 2. Cases that did not meet these criteria were initially scoped for Phase 1 only. When the credit report was received, cases that met the Phase 2 criteria based on the credit report were re-scoped to include Phase 2. At this point, the DSS case analyst completed Step 1 of the Case Coding Form for each case. Step 1 recorded whether or not the case met Phase 2 criteria based on the EPSQ, previous investigation, or credit report.

When the Report of Investigation (ROI) was received for Phase 1 only cases, the case analysts then completed Step 2 of the Case Coding Form for each case. They recorded whether any other Phase 1 source provided information that met the Phase 2 criteria, and if so, the case was rescoped and sent back to the field for completion of Phase 2. To meet reciprocity requirements, case analysts then rescoped all remaining Phase 1 only cases for Phase 2, thereby ensuring that all PRs received a full-scope reinvestigation.

Finally, when the full investigation was completed, case analysts completed Step 3 of the Case Coding Form to record whether any Phase 2 source reported useful information. All case files were then duplicated and sent to PERSEREC together with the Case Coding Forms. PERSEREC entered the information from the Case Coding Forms into an SPSS database to facilitate analysis.

## Initial Data Analysis

Analysis of the Case Coding Forms showed that DSS case analysts identified 378 of the initial 515 cases (73%) as having information that might meet the criteria for expansion to Phase 2. The following percentages for each of the principal Phase 1 sources show the proportion of cases for which that source provided information that was considered to meet the criteria for expanding to Phase 2.

Previous Investigation 32%	Ex-Spouse Interview 3%
EPSQ 47%	Subject Interview 55%
Credit Report 24%	Supervisor Interview 13%
NAC 5%	Coworker Interview 13%
LAC 5%	All Phase 2 Sources 18%

There is substantial overlap among sources. For a single case, multiple sources may provide information that was judged to meet the Phase 2 criteria.

At 73%, the number of Phase 2 cases is substantially higher than anticipated. This is due, in large part, to unclear guidance from PERSEREC to DSS on how to deal with cases of foreign relatives, other foreign connections, and foreign travel. Thirty-one percent of all cases appear to have been designated Phase 2 cases only on the basis of information related to foreign relatives, other foreign connections, and foreign travel as reported on the EPSQ and/or in the Subject Interview. Without these cases, the percentage of Phase 2 cases is reduced from 73% to 42%, which is still high but much closer to what PERSEREC had expected the Phase 2 rate to be.

Having foreign relatives or engaging in foreign pleasure or business travel is relevant to the adjudicative guidelines, but does not, by itself, reflect unfavorably on the character or behavior of the individuals concerned. Foreign relationships and travel are best explored during the Subject Interview and should be the basis for expansion to Phase 2 only if the Subject Interview turns up adverse information related to the foreign relationships or travel. This happened in only one of the 515 cases reviewed. The Subject Interview identified a definite potential for coercion.

The initial Phase 2 criteria that PERSEREC provided to DSS were intended to be very conservative and to err on the side of expanding more cases than necessary. Case analysts were advised to expand to Phase 2 whenever they had any doubt. PERSEREC's intent was to review all cases that fit any reasonable expansion criteria that one might want to use. By reviewing a larger number of cases, PERSEREC could determine the best way to refine the criteria to reduce the number of Phase 2 cases without losing significant information.

The following are examples of criteria that PERSEREC gave DSS as a basis for expansion to Phase 2. Together with the foreign relatives and foreign travel issue, they account for most of the difference between the 73% expansion rate used by DSS and the

far smaller expansion rate based on revised criteria developed by PERSEREC as discussed below.

- *Adverse information in the previous investigation:* This was defined as any information that the DSS case analyst would normally send to the field for the investigator's background prior to conducting the Subject Interview. According to the DSS coding this information from previous investigations was the basis for expanding 32% of the PRs. PERSEREC asked for the cases to be coded in this way in order to determine whether including the previous PR as a criterion would reduce the amount of information missed as a consequence of phasing. We found that it would not, but that it would greatly increase the percentage of cases expanded to Phase 2. If every case in which the DSS case analyst sends relevant background information from the previous investigation to the field is expanded to Phase 2, this would increase the percentage of Phase 2 cases from 23% to about 48%. This would greatly increase the cost of the reinvestigation with no corresponding improvement in productivity. The field investigator should still use information contained in previous investigations to guide questioning during the Phase 1 interviews. If current information is developed concerning those same issues, the field investigator should then recommend expansion to Phase 2.
- *Any "Yes" answer to various issue-related questions on the EPSQ:* Upon reviewing the case files, PERSEREC identified some EPSQ questions for which affirmative answers may not, by themselves, warrant automatic expansion to Phase 2 as case analysts were initially instructed. One is the question: "Have you *ever* been charged with or arrested for any offense(s) related to alcohol or drugs?" Eight percent of all Subjects answered "Yes" to this question *and* cited offenses that predated the previous clearance adjudication. Many of these were old incidents such as being arrested for possession of alcohol by a minor in 1976, arrested for smoking marijuana in college in 1979, and a DUI in 1986. Self-admitted offenses that occurred prior to the previous adjudication should not be a basis for expansion unless there are multiple offenses that form an ongoing pattern. If there is an ongoing pattern, this should be noted in the current reinvestigation and would then be a basis for expanding the case to Phase 2.
- *Adverse information on the credit report:* At the time PERSEREC wrote the Phase 2 criteria for DSS, we were uncertain as to what threshold to use to define adverse credit information. In order to test the results of all possibilities, PERSEREC gave DSS very liberal criteria, including expansion to Phase 2 for one or more credit accounts 90 days or more overdue regardless of the amount. After reviewing the results, PERSEREC developed more appropriate criteria for expanding cases on the basis of credit report information.

## Revised Phase 2 Criteria

A principal goal of this study was to test, and then revise as appropriate, criteria for when to conduct Phase 2. Following the evaluation of the PRs by DSS case analysts and in-house review at PERSEREC, revised criteria were developed as shown in Appendix E. The changes to these criteria with the greatest impact on the number of Phase 2 cases have already been discussed above.

PERSEREC reviewed the 378 cases (73% of all cases) that DSS case analysts designated as Phase 2 cases and prepared very brief written summaries of the potentially relevant information in each PR. These summaries were organized by source. For example, all the cases in which DSS coded the EPSQ as the first source to provide information leading to Phase 2 were kept in one group. (We did not review the 27% of cases in which DSS found no relevant information from either Phase 1 or Phase 2 sources. The DSS case analysts were so conscientious in finding every piece of relevant information that we were confident nothing had been missed in these cases.)

In preparing the brief case summaries, we noted whether we agreed or disagreed with the designation as a Phase 2 case. Our judgments were based on two general principles:

- The discovery of any unfavorable information from a Phase 1 source warrants further investigation. A single piece of unfavorable information about a person's current behavior (behavior since the last investigation) is a clue that more unfavorable information might exist and be found if investigators look hard enough for it.
- All information that is relevant to the adjudicative guidelines is not necessarily unfavorable information about the person. For example, foreign relatives, other foreign connections, and foreign travel are indicators of possible security concern but by themselves do not reflect unfavorably upon a Subject's character or behavior. Therefore, such cases should not be expanded unless the foreign connection is in a hostile country or there was some other unfavorable information.

Using these principles when reviewing the first 75 to 100 cases, revised criteria for when to conduct Phase 2 gradually emerged. The criteria were written down, discussed, and then applied (in some cases retroactively) to all cases. Using the revised criteria, all cases were then coded and entered into another SPSS database.

The revised criteria are in three categories: criteria for expansion based on the EPSQ, criteria for expansion based on the credit report, and criteria based on adverse information from any other source. While the primary objective was to develop criteria for expanding PRs to Phase 2, we also identified questions that investigators should ask in Subject Interviews to determine whether expansion to Phase 2 sources is warranted.

For implementation at DSS, this implies integration of the Phase 2 criteria with the Decision Logic Table that guides the expansion of DSS investigations.

In reviewing the test cases, PERSEREC did not expand to Phase 2 based on high debt balance, as we could not identify an appropriate threshold. We did, however, make a record of all these cases for future analysis. The debt balance excluding mortgage debt was \$20,000 or greater in 26% of all PRs. There were 57 cases (11% of all cases) in which the non-mortgage debt was over \$50,000 and 17 cases (over 3% of all cases) in which it was over \$100,000. The debt was being paid promptly in almost all of these cases, as shown by an absence of late payments. In a number of PRs, it was apparent that multiple credit cards were being used to the credit limit, which is one indicator of financial stress. The amount of the non-mortgage debt balance is not necessarily the best threshold for judging the severity of a financial problem. For example, the debt in one case was only \$20,000, but it was in three credit cards, all of which were at their credit limit. The amount of revolving (credit card) debt may be the best measure, but that will require some reprogramming of the DSS credit report screening program.

For many individuals with good incomes, a high debt balance is not an issue. For others, however, a high debt burden is a security concern as it causes serious financial stress to keep up with payments. There may be a temptation to engage in illegal behaviors in order to obtain money to relieve this pressure. Investigation of the reason for the debt may reveal other issues, such as a compulsive gambling problem that often leads to embezzlement or insurance fraud and has been a factor in at least six cases of Americans arrested for espionage. A high debt balance may also indicate illegal income if the required monthly payments are disproportionate to the Subject's known monthly income, as was the case with Rick Ames. At present, the DSS Decision Logic Table does not require investigators to ask Subjects about a high non-mortgage debt balance as long as the credit report shows no record of late payments.

Research is needed on how to improve investigation of high-debt-balance cases when the credit report shows no or few late payments. At a minimum, investigators need to ask the Subjects of investigation the reason for the high debt balance and how the Subjects are dealing with it. This was rarely done in the cases that PERSEREC reviewed, or if it was done, the results of this questioning were rarely included in the report of investigation.

PERSEREC expects that if such questioning were done, it would lead to some unknown percentage of additional cases being designated for Phase 2 coverage. Budget projections that are based on estimates of the percentage of PRs expanded to Phase 2 should take this uncertainty into account.

## **Research Findings**

PERSEREC analyzed what would have happened if the revised Phase 2 criteria had been used when the 515 reinvestigations were conducted. This analysis focused on

two of the four test goals – determining what information would be missed and what percentage of cases would be expanded to Phase 2.

### **Information Missed as a Result of Phasing**

A phased reinvestigation using the revised criteria would have missed no information at all in any case that led to any form of adverse adjudicative action. Some information of mild to moderate adjudicative value would have been missed in 2 of the 515 cases. No Phase 1 source reported adverse information in these cases, so the Phase 2 sources would not have been contacted. No adverse adjudicative action is being taken in either case. This is similar to the finding of the previous phasing study that, on average, the phased reinvestigation missed only information of minor to moderate adjudicative value in 2 out of every 1,000 PRs.

In one case (CCN-145), a source who asked that his identity be protected reported second-hand information that the Subject once filed an insurance claim stating, falsely, that his wife's substantial medical expenses were incurred before he left his job. If true, this would have made the former employer responsible for reimbursement. The former employer denied reimbursement. This happened 10 years ago. It led the source to question the Subject's honesty, although he described the Subject as "good people" and an "All American." This is the only adverse information in the case. The responsible adjudicative facility has advised that no action was taken because the information is quite old and second-hand.

In another case (CCN-394), there was second-hand information about drug use and stories of the Subject hosting wild parties that allegedly included drug use and sexual orgies. This information would have been missed. The information was developed during a second set of employment interviews at a part-time employment. Employment interviews at places of part-time employment would not have been done in Phase 1. The Subject worked weekend nights as a disk jockey at a local bar/nightclub and hosted parties for bar patrons and friends one or twice a month after the bar closed at 3 am. The second-hand allegation was investigated very thoroughly (11 interviews) and could not be substantiated. Because the allegations were unsubstantiated, the responsible adjudicative facility processed this as a clean case.

There was a third case (CCN-007) in which the investigator reported information that would have been missed by a phased reinvestigation, but the missed information was not of adjudicative value. A neighbor reported that another neighbor had complained about the Subject's barking dog, so an animal control officer came to the house to discuss the complaint with the Subject.

Analysis of these 515 cases showed that the amount of information that is missed is not sensitive to potential changes in the criteria used for deciding when to expand to Phase 2. Even if the Phase 2 expansion criteria had been broadened to cover many more cases, the same two cases would still have been missed. Similarly, if the Phase 2 criteria

were narrowed down to cover significantly fewer cases, no more significant information would have been missed. This is because, as described below, Phase 2 sources so rarely produce any meaningful information that adds to what is already known about a Subject from Phase 1 sources.

### **Information Reported by Phase 2 Sources in General**

PERSEREC examined what kinds of information were being reported by Phase 2 sources in general. To do this, we identified PRs in which one or more Phase 1 sources reported issue-relevant information about a Subject and then examined whether Phase 2 sources made any additional contribution to the investigation.

According to the Case Coding Form completed by the DSS case analysts, Phase 2 sources provided relevant information in 17% of all cases. A review of the information provided in these cases, however, shows that – except in a handful of cases – the same information was previously provided in greater detail by one of the Phase 1 sources. Typically, the Phase 2 source simply reported foreign travel (e.g., deployment to Bosnia, a Caribbean cruise), a foreign-born spouse, or a DUI that had already been reported in both the EPSQ and the Subject Interview.

There were only a few cases in which a Phase 2 source provided even a small piece of information that added to what was already known about the Subject prior to the Phase 2 interview. In one case the information turned out to be misleading, in one it was trivial, and in several cases it corroborated the Subject's story as told during the Subject Interview.

### **Percentage of Cases Expanded to Phase 2**

The revised criteria for conducting Phase 2 of the reinvestigation identified 23% of all cases as Phase 2 cases. These criteria are discussed in Appendix E. As previously discussed, the analysis also identified a need for developing additional financial criteria that would lead to a small percentage of additional cases being expanded to Phase 2.

The percentage of cases that met the Phase 2 criteria differed substantially for different types of personnel. Although the average for all personnel was 23%, it was 23% for military officers, 39% for military enlisted personnel, and 21% for defense contractors. There were only 10 DoD civilians in the available sample, and this was insufficient to calculate a reliable percentage of Phase 2 cases.

These figures need to be considered in light of the numbers of personnel in each category in this sample. Unfortunately, the pool of cases from which the test cases had to be drawn was such that defense contractors comprise 77% of the sample. Defense contractors were the group with the lowest Phase 2 expansion rate, so the disproportionate number of contractors in the sample pushed the 23% average expansion

rate below what it would have been in a more representative sample. When making estimates of the number of cases in a large population that will require Phase 2, the estimate should take the type of cases into consideration.

Although the percentage of Phase 2 cases in the DSS pilot test sample is the same as in the DSS sample used for the previous phasing research (23%), the distribution by type of employee is quite different. Table 1 shows the percentage of Phase 2 cases for each category of employee for the DSS pilot test as compared with the percentage of cases containing what was called “issue-relevant” information in the previous phasing study. The designation of “issue-relevant” information was a judgment made by experienced investigators and adjudicators. This is different from the Phase 2 criteria, which are far more specific, but one would expect similar results.

**Table 1**  
**Phase 2/Issue-Relevant Percentages by Type of Employee:**  
**Comparison of Two Studies**

	<b>DSS Phasing Test (n = 515)</b>	<b>Previous Phasing Study DSS cases (n = 1,611)</b>
<b>Military Officer</b>	23%	14%
<b>Military Enlisted</b>	39%	38%
<b>DoD Civilian</b>	Not enough cases	21%
<b>Contractor</b>	21%	30%

In the DSS test, 21% of contractors were Phase 2 cases as compared with 30% in the previous study. This raises an unresolved question about the sample of cases analyzed for this interim report. It is possible that some issue cases were not included in the sample because the investigation could not be completed within the deadline set for completion of this test.

### **Sources of Information Leading to Expansion to Phase 2**

Data from the 515 test cases show that 14% of all cases met the Phase 2 criteria based solely on information in the EPSQ. The credit report alone met the Phase 2 criteria in 10% of all cases. Information in the EPSQ and credit report, combined, identified over 19% of all cases as warranting expansion to Phase 2.

In other words, most Phase 2 cases can be identified with just these two sources. This is an important finding, as these two sources are or could be available at the start of a reinvestigation. This means reinvestigations could be scoped for Phase 1 only, or for both Phases 1 and 2, with a high degree of accuracy at the very start of the reinvestigation. This would minimize any operational inefficiencies that may result from dividing the reinvestigation into two phases.

This finding is remarkably similar to what PERSEREC found in previous research on phasing based on analysis of 1,611 DSS SSBI-PR cases, as shown graphically in Table 2 below.

**Table 2**  
**Comparison of Findings from DSS Test**  
**With Previous Phasing Study**

	<b>DSS Phasing Test (n = 515)</b>	<b>Previous Phasing Study (n = 1,611)</b>
Phase 1 Cases	77%	77%
Phase 2 Cases	23%	23%
• Phase 2 Cases Identified by EPSQ	14%	11%
• Phase 2 Cases Identified by Credit Report	10%	11%
• Phase 2 Cases Identified by EPSQ & Credit Report Combined	19%	17%

## **Conclusions and Recommendations**

Review of the 515 cases in the DSS test of a phased reinvestigation confirmed the conclusion of the previous phasing study that a phased reinvestigation can save substantial resources with minimal loss of information. No information at all would have been missed in any case that led to any form of adverse adjudicative action. Information of moderate adjudicative value would have been missed in 2 of the 515 test cases. The responsible adjudicative facility has advised that no adverse adjudicative action is being taken in these cases. This is reasonably consistent with the finding of the previous phasing study that, on average, the phased reinvestigation missed information of minor to moderate adjudicative value in 2 out of every 1,000 PRs

The amount of information missed as a consequence of phasing was not sensitive to changes in the criteria for when to conduct Phase 2. Broader criteria to encompass a much larger percentage of Phase 2 cases would not have avoided either case in which information of moderate adjudicative value was missed. Similarly, narrower criteria with fewer Phase 2 cases would not have caused the loss of any more information. It appears that phasing works well because so few Phase 2 sources provide useful information under any circumstances.

DSS coding of the test PRs showed that PERSEREC needed to define the criteria for expanding a case to Phase 2 more clearly. Examination of the PRs coded by DSS case analysts facilitated PERSEREC's development of revised expansion criteria that, when applied, identified 23% of all PRs as qualifying for the full-scope reinvestigation.

The expansion criteria will need to be refined further by DSS as it incorporates these criteria into its Decision Logic Table. For analyzing the pilot test cases,

PERSEREC emphasized objective criteria such as any “Yes” response to certain issue-related questions on the EPSQ. Subsequent PERSEREC research on EPSQ responses and discussions with DSS suggest that, for the majority of cases, the decision on whether or not to expand to Phase 2 should be made by the field investigator responsible for the Subject Interview.

PERSEREC plans to conduct research on the appropriate criteria for expanding reinvestigations based on the credit report, and the results of that research may push the expansion rate somewhat above 23%.

The percentage of PRs expanded to Phase 2 differs substantially for military officers, military enlisted personnel, DoD civilians, and defense contractors. Therefore, budget projections of resource savings from phasing need to take into account the nature of the population being investigated and some uncertainty regarding the distribution of Phase 2 rates among the major segments of the population.

**Appendix A**  
**Division of Sources Between Phases 1 and 2**



## Appendix A

### Division of Sources Between Phases 1 and 2

The table below shows the division of sources between Phase 1 and Phase 2. Any source that is not listed is in Phase 1. Phase 2 is limited to listed and developed reference interviews, residence interviews, residence records checks, residence records, previous supervisor and coworker interviews, and previous or part-time employment records.

<b>Phase 1</b>	
SF-86/EPSQ or SPHS (CIA only)	Ex-Spouse Interview
Credit Report	Security Records
Polygraph (if used)	Security Manager Interview
NAC/Subject	Medical Records
NAC/Spouse-Cohabitant	Medical Interview
Local Agency Check	Current Employment Records
FinCEN/Title 31	Military Records
Reports Received Between PRs	Public Records
Subject Interview	All Other Sources Not in Phase 2
One Supervisor Interview (current or best)	One Coworker Interview (current or best)

  

<b>Phase 2</b>	
Listed Reference Interviews	Residence Interviews
Developed Ref. Interviews	Residence Records
Additional Supervisor Interviews	Previous Employment Records
Additional Coworker Interviews	

Sources that are described as listed references, developed references, and neighbors will often include coworkers or former supervisors. For purposes of the DSS pilot test, these sources were counted only as listed reference interviews, developed reference interviews, or residence interviews, not as coworker or supervisor interviews.



## **Appendix B**

### **Phase 2 Criteria Provided to DSS for Use During Test**



## Appendix B

### Phase 2 Criteria Provided to DSS for Use During Test

This draft of criteria for expanding a periodic reinvestigation to include Phase 2 sources should be used until final criteria for scoping a phased reinvestigation can be researched, tested, and coordinated with investigative and adjudicative organizations.

These are conservative criteria, in that they are intended to err on the side of conducting Phase 2 when there is any doubt about how to interpret the criteria or what the appropriate criteria should be. Because they are conservative criteria, they may trigger Phase 2 for a larger percentage of cases than will the final criteria developed after further research and testing.

Briefly, the criteria for conducting Phase 2 are based on the principle that where there is smoke there may be fire. A single piece of adverse information indicating a possible current issue should prompt contact with Phase 2 sources to seek information not just on that issue, but on any issue.

It is anticipated that these criteria could cause as many as 30 percent of all reinvestigation cases to be expanded to Phase 2. Obviously, therefore, these criteria have a lower threshold than, and should not be confused with, the adjudicative guidelines. The goal of these criteria is to facilitate the conduct of cost-effective investigations -- to separate cases for which there is a reasonable chance that Phase 2 investigation might turn up useful information from cases in which this is extremely unlikely. The criteria are essentially a list of indicators suggesting that investigators might find more useful information if they look for it hard enough. The criteria are an investigative tool for scoping an investigation, not an adjudicative tool. It should be noted, however, that a decision to stop an investigation after Phase 1 is an investigative judgment that this is a clean case. In other words, it is tantamount to a recommendation for favorable adjudication.

These thresholds for identifying when to conduct Phase 2 are lower than the thresholds used by some agencies for other purposes. For evaluation of the credit report, for example, the criterion for determining whether to go to Phase 2 is any debt that is 90 or more days overdue, as compared with the 120-day and \$2,000 criterion in the DSS decision logic table. Lesser amounts of debt may not be a serious security concern, but they can be a useful surrogate indicator of other issues. Individuals who do not have their financial lives in order are more likely to have other problems in their life as well. The 90-day threshold is intended to respond to this indicator that further investigation might be productive.

The criteria for when Phase 2 should be conducted are divided into two sections, one related to sources and the other to issues. If these criteria do not cover an item of adverse information, or if there is uncertainty whether adverse information is sufficiently serious for action under these criteria, decide in favor of conducting Phase 2.

## Sources

Phase 2 should be conducted if any of the following apply, provided that the behavior of potential concern occurred within the past 7 years or since the last investigation, whichever time period is longer.

- Previous Investigation: Any adverse adjudicative action, such as warning, reprimand, provisions for monitoring. Agencies with a convenient process for identifying other significant issues in the previous PR may wish to also include that as a trigger for Phase 2.
- Reports Received Between Investigations: Any issue information as described below, under Issues.
- Polygraph: Any issue information as described below, under Issues.
- SF-86, EPSQ, or SPHS: "Yes" answer to any of the following questions. (Note: It is possible that EPSQ question numbers may differ on different versions of the EPSQ.)

SF-86 Number	EPSQ Number	CIA SPHS Number	Question
17	11-15	XI-4	Foreign Activities
19	17		Military Record
21	19		Medical Record
22	20		Employment Record
23	21-26	XI-1	Police Record
24	27-29	XI-3	Illegal Drugs or Drug Activity
25	30		Use of Alcohol
26b	32		Investigations Record
27	33-37		Financial Record
28	38-39		Financial Delinquencies
30	41-42		Association Record
		XI-2	Any Unfavorable Incident

A "yes" response to questions 18 on Foreign Countries Visited and 29 on Civil Court Actions (EPSQ questions 16 and 40) is of potential interest, but a decision on whether or not to conduct Phase 2 should be made after the response is clarified during the Subject Interview. There should be no expansion to Phase 2 for routine vacation travel to common tourist destinations. See Foreign Relationships, below, for circumstances when foreign travel should trigger Phase 2. A yes response on Civil Court Actions should trigger Phase 2 only if the Subject of investigation was the subject of the complaint, not the plaintiff or just a witness.

- Credit Report: One or more accounts that are 90 days or more overdue regardless of the amount, or five accounts totaling \$1,000 or more that are more than 30 days overdue. Three or more credit cards at or near their maximum credit limit. Indicators of unexplained affluence (sudden payoff of large debts or pay down on loans, or monthly credit card payments that are disproportionately high as compared with Subject's known monthly income). Any of the following: liens, garnishments, judgments, repossessions, debts written off by creditors as uncollectable, bankruptcy. (Also see Finances under Issues.)
- NAC or LAC: Any adverse information.
- FinCEN Check: Any unexplained information, when there is reason to believe the information applies to the Subject. Significance of FinCEN information may have to be clarified during Subject Interview before making decision on expansion.
- Subject Interview: The investigator thinks that the Subject may have omitted, withheld, or falsified significant information. Any issue information as described below, under Issues.
- Supervisor or Coworker Interview: Subject has been counseled, reprimanded, or sanctioned for poor work performance or for any inappropriate behavior in the workplace. Any behavior that causes problems in the workplace, including interpersonal problems with supervisor or coworkers that are serious enough to affect work performance or workplace harmony. Any deliberate rule violation, habitually pushing the rules to the limit, or attitude that one is above the rules. Misuse of sick leave. Cavalier attitude toward security, including mishandling classified material or violation of need-to-know. Investigator judgment, based on indicators obtained during the interview, that the supervisor or coworker has knowledge about the Subject but is reluctant or unwilling to provide it. (Also see Psychological Problems under Issues.)
- Ex-Spouse Interview: Any issue information as described below.
- Medical Interview: Any information that triggers a medical interview should also trigger Phase 2.
- All Other Phase 1 Sources: Any issue information as described below.

## Issues

Phase 2 should be conducted if any of the following apply, providing that the behavior of potential concern occurred within the last 7 years or since the last investigation, whichever time period is longer.

- Alcohol: Report that Subject may have a current alcohol problem or problem with binge drinking. Alcohol has caused a problem for Subject at work, at home, or with

the law, including a single DUI arrest. (Current attendance at Alcoholics Anonymous meetings is not a basis for conducting Phase 2.)

- Crime: Any arrest (except for minor traffic violations), regardless of severity and whether or not prosecuted. Nonjudicial punishment under the Uniform Code of Military Justice. Civil court actions that reflect negatively on a person's reliability and trustworthiness, including a restraining order issued against Subject for spouse abuse, child abuse, or other cause, and shoplifting, or employee theft when handled in civil court. Report of any illegal behavior that has not led to legal action, for example, petty theft or spouse abuse.

(Arrests for serious traffic violations are included in Personal Conduct below)

- Drugs: Any illegal drug use, misuse of a legal drug, or any other involvement with illegal drugs.
- Financial: Report of unexplained affluence, irresponsible attitude toward financial obligations, heavy gambling, petty theft, cheating on expense accounts, knowingly writing bad checks, or skipping from an apartment without paying rent. (Also see Credit Report under Sources.)
- Foreign Relationships: Romantic relationship with a foreign national. Financial interest in a foreign country, including bank account, significant investment, business interest. Recurring social contact with foreign government, trade, or press representative in the U.S. Change to more frequent contact or closer relationship with any foreign relative. Travel to tax havens. Foreign travel, by itself, should not trigger Phase 2. The interest is in relationships that may develop and conflicting interests they may generate, and in travel to countries and under circumstances where one is likely to be a target of foreign intelligence activity.
- Personal Conduct and Psychological Issues: Any report of threatening, violent, irresponsible, dishonest, or untrustworthy behavior. Arrest for serious traffic violations such as reckless or erratic driving, racing on the highway, or leaving the scene of an accident. Bizarre, compulsive, persistently anxious or agitated, or emotionally unstable behavior.
- Misuse of Information Technology Systems: Deliberate misuse of a government or corporate information system, regardless of its level of classification. This includes seeking unauthorized access to compartmented areas of the system or to other systems; installation of unauthorized software; downloading of classified material to an unclassified system; malicious destruction or changing of data or files; viewing, downloading or transmitting pornographic materials or images; unauthorized use for personal business or recreation; and any action that denies access to the system by authorized users.

- Sexual Behavior: A compulsive pattern of self-destructive or high-risk sexual behavior. Sexual behavior of a public nature and/or which reflects gross lack of discretion or judgment.
- Security and Counterintelligence Issues: Cavalier attitude toward handling classified material. (An occasional minor and accidental security violation is not an appropriate basis for conducting Phase 2.) Revealing classified information to unauthorized persons. Counterintelligence indicators, including seeking information for which one has no need-to-know, unauthorized or suspicious copying of classified materials, keeping classified materials at home or any other unauthorized location.



**Appendix C**  
**DSS Internal Procedures**



## **Appendix C**

### **DSS Internal Procedures**

#### **PIC PROCEDURES FOR TEST OF PHASED SSBI-PRS**

1. Three "R" baskets will be designated for the three analysts participating in the test study.
2. A query will be run to randomly select 2000 cases that do not have any overseas leads scoped. We will select 600 cases out of that list for the study. We selected a larger number than 600 because cases are currently being opened and we wanted to have enough cases that we could use. The first 600 cases that haven't been opened will be used for the study.
3. The 600 investigations will be scoped/opened within two weeks. Each will be reviewed for any derogatory information reflected on the EPSQ or contained in the prior file. Analyst will annotate drop-dead date ROI must be received at PIC under each lead in "Remarks" section.
4. Cases will be scoped for Phase I sources only if there is no derogatory information contained in the prior file or listed on the EPSQ. (Phase I being no LCRs, DCRs, Neighborhood Records or Neighborhood Interviews would be scoped.) Only one supervisor and one coworker will be scoped at the most recent employment of 6 months or more will be scoped for Phase I. All other employments are considered Phase II leads.
5. Cases will be scoped as a Phase II if the EPSQ or the prior file contain any derogatory information. All leads to meet national standards will be scoped initially if investigation meets Phase II requirements.
6. Case Coding Sheet (Step 1) will be filled out at case opening if the investigation meets criteria for Phase II. Case Coding Sheet will be filed in appropriate folder (Phase II Folder).
7. If case meets Phase I requirements, case analysts will scope only Phase I leads during the initial case opening process. Case analyst will place name and SSN on Case Coding Sheet and place in appropriate folder (Phase I Folder). Step 1 will not have to be completed on Case Coding Sheet.
8. Case analysts will provide MSO with an ISV for each case that is opened on a daily basis.
9. MSO will notify field office POCs (SACs) by email of cases opened to their office on a daily basis included in the test pilot. This will give the field the heads-up the investigation is coming.
10. After all 600 test cases are opened, additional leads will be scoped on the Phase I cases to meet the SSBI-PR scope requirements according to national standards.

11. Case analysts will notify MSO daily of the additional leads opened on the Phase I cases. MSO will notify field office POCs by email of any cases opened to their office on a daily basis included in the test pilot.
12. If investigation is a Phase I, upon receipt of Phase I leads, ROIs will be reviewed and Step 2 of Case Coding Sheet will be completed. Case analysts will send additional leads if Phase I leads contain derogatory information and provide MSO with an ISV for each additional lead sent. MSO will again notify field office daily of any additional work.
13. If Phase I lead(s) contains derogatory information, investigation will be expanded accordingly and project code will be changed to Phase II-SSBI-PR.
14. If investigation is a Phase I, no add leads will be reviewed until all Phase I lead's have been reviewed.
15. Upon receipt of Phase II leads (add leads to meet standards) on Phase I-SSBI-PR's, analysts will review case for completion and to determine if any pertinent information was developed in Phase II sources (Step 2 of Case Coding Sheet to be completed).
16. If investigation is Phase II at case opening, analysts will review ROIs and complete Step 2 of Scope Sheet during lead review.
17. Investigation will be closed and forwarded to CAF.
18. Case Coding Sheet will be provided to MSO POC when investigation is completed. MSO POC will provide computer people with SSNs on closed pilot cases so they can print a copy of the completed RFA.
19. Copies of all closed test cases (RFAs) will be forwarded to PERSEREC along with completed Case Coding Sheets.

#### **FIELD PROCEDURES FOR TEST OF PHASED SSBI-PRS**

1. Email will be sent to POCs (SACs) in each field office containing the names and SSNs of pilot investigations opened to that office. Field office should receive email either late the day before or morning of the download of the cases.
2. Field Office will download investigations that are coded as Phase I - SSBI-PR or Phase II-SSBI-PR for pilot study.
3. SAC will assign pilot investigation to designated agent(s) in that office that is aware of the requirements for the pilot study.
4. If investigation has project code as Phase I - SSBI-PR, agent will conduct Phase I leads first. Agent will write up all Phase I leads in the initial ROI. Agents will receive an Add Lead to conduct additional leads to meet national standards. Agent will write up additional leads (Phase

II leads) under the "Add Lead" date. **The initial and add leads cannot be written in the same ROI. This information must be kept separate from the case analyst.** The agent must not interview any Phase II leads prior to completing the Phase I leads so they don't bias the interview(s).

5. If investigation has project code as Phase 11- SSBI-PR, agent will attempt to conduct Phase I lead(s) prior to Phase II lead(s) if possible. Agent(s) can write up all information in their ROI under the initial lead date. Since this is a Phase II case, the information does not need to be kept separate from the analyst.

6. If investigation will be delayed for any reason, Agent/SAC must notify either Michele Vardy or Kara Wagaman at MSO/PIC of the delay. Agent/SAC will provide name, SSN and reason for the delay and estimated date of completion.

7. If ROIs contain attachments, Agent/SAC will put a note on coversheet indicating the ROI/Attachment(s) is part of the PERSEREC Pilot Study. Put the ROI/Attachment to the attention of Michele Vardy or Kara Wagaman for expeditious processing.

If anyone has any questions regarding the processing of these investigations, please call or email Michele Vardy or Kara Wagaman.



**Appendix D**  
**Case Coding Sheet**



**Appendix D**  
**Case Coding Sheet**  
 (Complete one sheet per case.)

NAME \_\_\_\_\_

CAF \_\_\_\_\_

SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Case Analyst \_\_\_\_\_

**Step 1:** Check the appropriate block after reviewing information from each of the following sources. After reviewing the credit check, Step 1 should be complete. Do not wait until after Phase 1 investigation is done before completing this step.

Phase 1 Sources	Doesn't Meet Criteria	Uncertain If Info Meets Phase 2 Criteria (Explain. If more room is needed, continue on back of this coding sheet.)	Meets Phase 2 Criteria
SF-86 - EPSQ			
Previous Investigation			
Credit Check			

**Step 2:** At the end of Phase 1 investigation, check the appropriate block for all the other Phase 1 sources listed in the table below. Do not wait until after full investigation is done before completing this step.

Phase 1 Sources	Doesn't Meet Criteria	Uncertain If Info Meets Phase 2 Criteria (Explain. If more room is needed, continue on back of this coding sheet.)	Meets Phase 2 Criteria
NAC/Subject or Spouse			
LAC			
FinCEN			
Ex-Spouse Interview			
Current Employment Record			
Subject Interview			
One Supervisor (current or best)			
One Coworker (current or best)			
Any Other Phase 1 Source (specify source)			

**Step 3:** After full investigation is completed, check the appropriate box. Did any Phase 2 source report any issue information as defined by issues section of the Phase 2 criteria?

Yes  No  Uncertain

**Appendix E**  
**Revised Phase 2 Criteria**



## **Appendix E**

### **Revised Phase 2 Criteria**

The following Phase 2 criteria were used by PERSEREC when reviewing the 515 cases processed so far in connection with the DSS Phasing Test. Application of these criteria to the test cases led to the conclusion that Phase 2 would be conducted for 23% of all cases.

The Phase 2 criteria will need to be further revised as they are integrated into the DSS Decision Logic Table and coordinated with the adjudication facilities. In developing the criteria, below, PERSEREC tried to maximize the percentage of cases that can be accurately scoped through automated screening of the EPSQ and credit report. Subsequent PERSEREC research on EPSQ responses and discussions with DSS suggest that phasing may work better with greater reliance on the field investigator to make decisions on which cases warrant Phase 2.

#### **Expansion Based on EPSQ**

A Yes answer to any of the following EPSQ questions triggers scoping of the reinvestigation for Phase 2 as well as coverage of these topics in the Subject Interview:

- 12 – Current foreign property ownership, foreign business connections, or foreign financial interests.
- 13 – Have you ever been employed by or acted as consultant for a foreign government, firm, or agency.
- 17 – Less than honorable military discharge.
- 19 – Consulted with a mental health professional within the past 7 years, unless it was only for family, marital, or grief counseling, in which case see below.
- 20 – Fired from a job within the past 10 years.
- 21 – Even been charged with or convicted of any felony offense.
- 22 – Ever been charged with or convicted of a firearms or explosives offense.
- 23 - Pending charges for any criminal offense.
- 24 – Ever been charged with or convicted of any offense related to alcohol or drugs. Expand only if there have been two or more such offenses, or the offense is since the Subject's last investigation.
- 25 – Subject to court martial or other disciplinary proceedings under the UCMJ within the past 7 years.
- 27 – Use of any controlled substance within past 7 years or since age 16. Expand only if the use was since the last investigation.
- 28 – Ever used a controlled substance while possessing a security clearance or holding any other sensitive position.
- 29 – Involved in illegal purchase, sale, manufacture, etc. of a controlled substance during the past 7 years.
- 30 – Use of alcoholic beverages has resulted in alcohol-related treatment or counseling within past 7 years.

- 32 – Ever had clearance denied, suspended or revoked.
- 33 thru 37 - Within past 7 years, any bankruptcy filing, wage garnishment, repossession, tax lien, or unpaid judgment.
- 38 – Financial delinquency over 180 on any debt in past 7 years.
- 40 – Party to any public record civil courts actions with past 7 years.
- 41 – Ever been a member or contributed to any organization dedicated to violent overthrow of the U.S. Government.

Yes answers to any of the following EPSQ questions require that the field investigator question the Subject on these topics. Expansion to Phase 2 is not required unless this questioning identifies unfavorable information about the Subject's behavior.

- 3 – Dual or foreign citizenship.
- 8 – Spouse dual or foreign citizenship.
- 9, 10 – Foreign relatives.
- 14 – Contacts with foreign governments, embassies, consulates inside or outside the U.S. other than on official U.S. Government business (not counting routine visa or border crossing contacts). No time limit.
- 15 – Had an active passport issued by a foreign government within the past 7 years.
- 16 – Foreign travel other than of official U.S. Government orders within the past 7 years.
- 19 – Consulted with a mental health professional, but only for family, marital, or grief counseling.
- 26 – Other offenses. Arrested for, charged with, or convicted of any offenses not listed under other questions, not counting traffic fines of \$150 or less.

### **Expansion Based on Credit Report**

Any of the following items on a current credit report triggers scoping the reinvestigation for Phase 2. (Note: These thresholds are lower than the thresholds that DSS uses for expanding financial issues. The DSS Decision Logic Table focuses on serious debt, and the expansion involves time-consuming preparation of a detailed financial statement of income and expenses. In setting lower thresholds, we used lesser amounts of debt as a possible surrogate indicator of other issues. Individuals who do not have their financial lives in order may be more likely to have other problems in their life as well. Although Phase 2 interviews are recommended in such cases, this is not meant to imply that DSS should take a financial statement in all such cases.)

- Collections/Charge-Offs: Two or more, of any amount, except that any collection/charge-off of a hospital or medical bill is not counted. (They are often caused by insurance problems beyond the individual's control.)
- Any judgment, garnishment, or other action such as bankruptcy listed in the right-hand column on the summary section of the credit report.

- Current late payments: Two payments 90 days or more late listed under current late payments plus anything 60 days or more late listed in the previous late payment history. Three or more payments 90 days or more late regardless of whether there is anything in the previous late payment history. One payment 120 days late. Late payments of hospital or medical bills are not counted for the reasons noted above.
- Previous history of late payments: Four or more 90 days late, or two or more 120 days late, with the same allowance noted above for hospital or medical bills.

#### **Expansion Based on Other Phase 1 Documentary Sources**

Almost all cases in which the National Agency Checks or Local Agency Checks provide adverse information will already be scoped for Phase 2 based on the same information as reported on the EPSQ. If new information of potential adjudicative interests is turned up, the scope will generally be expanded to include Phase 2 sources.

A FinCEN check that shows a large cash transfer is normally discussed during a Subject Interview. If the investigator suspects the transfer may indicate some illegal or improper activity, Phase 2 interviews should be conducted.

#### **Expansion Based on Subject and Other Interviews**

If the Subject Interview, Employment Interviews, or Ex-Spouse Interview develop any previously unknown adverse information about the Subject, Phase 2 should be conducted. Based on the cases reviewed for the phasing test, PERSEREC is collecting examples of typical and some atypical cases that either should or should not be expanded to Phase 2. These can be used to train investigators and case analysts in how to make this judgment.

